

ARTICLE APPEARED
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WASHINGTON POST
22 August 1985

Intelligence Officer Sues Army Over Probes

Annapolis Man Says Allegations Grew Out of Secret Operation in N. Virginia

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An Army officer assigned to the service's highly sensitive intelligence command has filed a lawsuit in Alexandria federal court alleging that he has been wrongly accused of missing government funds in a covert operation and wrongly linked to drug and prostitution rings.

Lt. Col. Dale Duncan of Annapolis says in the lawsuit that he has been under investigation by the Army and a federal grand jury on allegations growing out of a classified operation he ran for the service in Northern Virginia in 1983.

Duncan and his wife Laura named as defendants the Army, American Express Co. and three individuals, alleging they invaded their privacy, defamed them and violated their constitutional rights.

Some of the papers in the case have been sealed at the government's request and both the Army and Duncan, 39, who is a lawyer and a career intelligence officer, decline to provide details of the operation.

Court papers that have not been sealed say Duncan ran the operation, which has been ended, through an Annapolis firm called Business Security International. The firm

supported "classified, sensitive special operations units" involved in "military and foreign intelligence missions," according to a statement filed in court by Lt. Gen. Arthur E. Brown Jr., a senior Army officer.

Government prosecutors, who unsuccessfully sought to have the Duncans' suit postponed until completion of the grand jury investigation, have said in court that the case "involves national security interests" and disclosure of details of the operation would be detrimental to the Army's foreign intelligence-gathering efforts. The government has won an order sealing depositions taken in the case.

Duncan said in an interview that he brought the suit because "I have been wronged." He charged that the two investigations were being pursued because of individuals within the Army "who have political axes to grind."

"I believe there are a lot of people within the Army leadership who did not approve of the covert activities I was involved with . . . [They] don't believe in covert activities at all," Duncan said, however, that all his covert activities were approved by his superiors.

In the suit, Duncan and his wife have alleged that two retired warrant officers and an individual under

contract to the Army illegally obtained the Duncan's personal financial records from American Express during an internal Army investigation of his finances. They used those records to prompt the Army investigation, he said.

Duncan, an intelligence officer for 18 years, said in his suit he was cleared of the allegations in a 1983 investigation supervised by Lt. Col. James E. Longhofer and by Col. Robert A. Kvederas, then chief of special operations for the Army.

A government prosecutor said in the Alexandria court two weeks ago that Longhofer "has had court-martial charges proffered against him and is indeed part of some of the wrongdoing that the government is alleging against" Duncan.

Duncan said both Longhofer and Kvederas have been investigated by the Army. Neither could be reached for comment yesterday and an

Army spokeswoman said she could offer no information on the issue.

According to Duncan's lawsuit, the three individuals who first raised the allegations against him took them and others relating to Duncan's alleged involvement with drug and prostitution rings to the Intelligence and Security Command and the Justice Department.

As a result, the Army began a court-martial investigation and the grand jury in Alexandria began its investigation, the complaint states. No charges have been brought against Duncan in either probe.

When the Army investigation began in late 1983, Duncan was removed from his intelligence position, his security clearance revoked, and any favorable personnel actions suspended, his suit said.

"He is on active duty in the broadest sense," said Duncan's attorney, David Fudala. "He is frozen in place and really has no meaningful duties." Fudala called the allegations against Duncan outrageous and said his client did not know exactly what is being investigated by the Army and the grand jury.

Duncan said he has not been questioned in the court-martial investigation and that he turned over subpoenaed records to the grand jury 18 months ago.

His suit accuses the defendants of conspiracy to interfere with his Army career and to "maliciously

injure" him and his wife "in their reputation, trade, business and profession."

The complaint names retired Army Warrant Officers Gary L. Peisen and William T. Golden, and Thomas M. Belcher, a photographic consultant for the covert operation, as defendants and says they illegally obtained copies of airline tickets purchased by Duncan, called government agencies under false pretenses to get information about the Duncans, illegally tape recorded them, broke into their home and ransacked personal items.

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